

# **SWELLEN DAM MUNICIPALITY**



## **INDIGENT POLICY, 2017**

**APPROVED BY COUNCIL ITEM A48 – 30 March 2017**

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## 1. Definitions

In this policy, unless the context indicates otherwise –

**“child headed household”** means a household where both parents are deceased and where all occupants of the property are children of the deceased and are under the legal age to contract for services;

**“household”** means a registered owner or tenant with or without children who reside on the same premises;

**“IDP”** means the approved integrated development Plan of the municipality;

**“indigent”** means any household or category of households, including a child headed household, earning a combined gross income, as determined by the municipality annually in terms of a social and economic analysis of its area, which qualifies for rebates/remissions, support or a service subsidy, provided that disability, foster and child support grants are not included when calculating such household income;

**“ indigent management system”** means a management system applied by Swellendam Municipality for the management of the register of indigent households;

**“indigent register”** means the database, which has to be updated on a monthly basis, designed to contain all the inputted data contained within the completed indigent application forms which contain the following key information:

- Indigent customer details
- Socio-economic details
- Skills details

In addition, the indigent register is able to provide reports relating to, but not limited to the following;

- Indigent application exceptions
- Skills reporting required to for LED/exit strategy
- Socio-economic reporting

**“municipality”** means the Swellendam Municipality established in terms of Section 12 of the Municipal Structures Act, 117 of 1998, and includes any political structure, political office bearer, councillor, duly authorised agent or any employee acting in connection with this policy by virtue of a power vested in the municipality and delegated or sub-delegated to such political structure, political office bearer, councillor, agent or employee;

**“official”** means any official in the employ of the municipality or agent or service provider appointed by the municipality;

**“premises”** includes any piece of land, the external surface boundaries of which are delineated on –

- a) A general plan or diagram registered in terms of the Land Survey Act, 1997, (Act no. 8 of 1997) or in terms of the Deeds Registries Act, 1937 (Act no. 47 of 1937);
- b) A general plan registered in terms of the Sectional Titles Act, 1986 ( Act no. 95 of 1986) and situated within the jurisdiction of the municipality;

**“chief financial officer”** means an official duly authorised by the municipality, or an employee of a service provider appointed by the municipality, who is responsible to ensure that the Indigent Support Policy of the municipality is implemented.

## **2.1 Objectives of Policy**

The objectives of this Policy are to:-

1. Provide a framework within which the Municipality can exercise its executive and legislative authority with regard to the implementation of financial aid to indigent and poor households in respect of their municipal account;
2. Determine the criteria for qualification of indigent and poor households;
3. Ensure that the criteria is applied correctly and fairly to all applicants;
4. Allow the Municipality to conduct in house visits to the premises of applicants to verify the actual status of the household;
5. Allow the Municipality to maintain and publish the register of names and addresses of account holders receiving subsidies.

## **2.2 Principles of Policy**

- The administrative integrity of the Municipality must be maintained at all costs. The democratically elected councillors are responsible for making of policy, while it is the responsibility of the Municipal Manager to ensure the execution of this policy;
- All applicants must complete an official application form, which is to be submitted together with the supporting documents as specified in this policy;
- Application forms, agreements and documents relating to this Policy must be available in Afrikaans and English. Officials designated to control and manage these documents must be able to explain the contents thereof in the three languages of the Western Cape;
- The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.

# **CHAPTER 1: POWERS AND OBLIGATIONS OF THE MUNICIPALITY**

## **3. Adoption of an Indigent Support Policy**

3.1 The municipality must, in consultation with its community and based on a socio-economic analysis, adopt a policy as a framework for the provision of free basic services to households targeted for such support in its area

3.2 The policy contemplated in subsection (1) must be revised annually during consideration of the budget for the next financial year

## **4. Alignment of policy with IDP objectives and related policies**

The policy contemplated in 3(1) must be developed within the framework of the municipality's approved IDP and related policies as well as the Local Economic Development Strategy and Poverty Alleviation Program of the municipality.

## **5. Institutional arrangements**

5.1 The municipality must establish indigent support , under supervision of the Chief Financial

Officer, for the effective implementation of the Indigent Support Policy with specific reference to -

- a) the communication of the policy to the community;
- b) the provision of registration points for applications for indigent support;
- c) the rendering of assistance with the receipt and processing of such applications;
- d) may undertake site visits if required for the purpose of -
  - i. verification of applications;
  - ii. assistance to applicants who cannot visit registration points because of a lack of transport or physical disablement;
  - iii. any other form of assistance to give effect to the objectives of the Indigent Support Policy; and
- e) the promotion of public awareness with regard to the policy;

5.2 The Chief Financial Officer shall be responsible for -

- a) The appointment and training of the staff of the unit;
- b) The establishment of an electronic Indigent Management System for the effective administration and processing of applications; and
- c) The development of a Procedures Manual in terms of which applications are received and processed.

## **6. Capacity Building**

The municipality must ensure that all officials are appropriately capacitated in Free Basic

Services in terms of the following key areas –

- a) Database management
- b) Demand and revenue management; and
- c) Policy and by-law implementation.

## **CHAPTER 2: EXTENT OF ASSISTANCE AND SUPPORT**

### **7. Assistance and support**

7.1 Based on budgetary allocations and the tariffs determined by the municipality for each financial year, it may grant assistance in the form of subsidies or contributions to indigent households in respect of services including, but not limited to –

- a) water;
- b) electricity;
- c) basic energy;
- d) refuse removal;
- e) sanitation;
- f) assessment rates.

## **CHAPTER 3: PROCESS MANAGEMENT**

## 8. Criteria for indigent support

### 8.1 CRITERIA

#### 8.1.1 CRITERIA FOR INDIGENT HOUSEHOLDS IN THE DESIGNATED SQUATTERS AREA

All households residing in the designated squatter's area automatically qualify for Indigent Subsidy.

#### 8.1.2 CRITERIA FOR INDIGENT HOUSEHOLDS WITH A PROPERTY VALUE OF R100, 000-00 OR LESS

To qualify as "Indigent household with a property value less than R100, 000-00, a household must comply with all the following criteria:-

- The household income may not exceed the total of 2x All Pay Pension plus additional child support grants;
- The property may only be used for residential purposes;
- The average monthly consumption of electricity by the household over the previous 12 months may not exceed 400 kWh;
- The average monthly consumption of water by the household over the previous 12 months may not exceed 18kl;
- Must be a permanent resident of Swellendam;
- Must be a South African citizen;
- The applicant may not be the registered owner of more than one property;

A successful applicant's house will be fitted with a prepaid electricity meter.

#### 8.1.3 CRITERIA FOR POOR HOUSEHOLDS

To qualify as a "poor household", the household must comply with the following criteria

- The total household income must not exceed 4X All Pay Pension;
- The average monthly consumption of electricity by the household over the previous 12 months may not exceed 500 kWh;
- The average monthly consumption of water by the household over the previous 12 months may not exceed 18 kℓ;
- Must be a permanent resident of Swellendam Municipality;
- The applicant may not be the registered owner of more than one property; □ Successful applicant house will be fitted with a prepaid electricity meter.

#### 8.1.4 CRITERIA FOR PENSIONERS HOUSEHOLDS WITH AN INCOME LESS THAN R6, 000-00

- Applicant must be 60 years and older of age;
- Applicant must be the registered owner of the property;
- Applicant must be a South-African citizen.

### 8.2 SUBSIDY

The subsidies below will be funded from the "equitable share" contribution received from National Treasury. The subsidies will only be granted to qualifying households to the extent that the abovementioned funds are available for allocation. The monthly Municipal account will reflect the normal monthly levies together with the subsidy credits. A customer qualifies for either an indigent subsidy or a pensioner's rebate but not both.

8.2.1 Indigent households residing in the designated squatter area will receive the following per month as qualified above:

- Free electricity of 50 kWh per month;
- Free water of 6kl per month;
- 100% of the basic levy for water for one service point per month;
- 100% of the basic levy for sewerage for one service point per month;
- 100% of the basic levy for refuse for one service point per month;
- 100% subsidy of the monthly assessment rates up to R50 000 property valuation; which include the amount in section **17(i)(h) of the Municipal Property Rates Act (act 6 of 2004)**
- 100% subsidy of the installation of a Prepaid meter where necessary;
- Outstanding debt of successful applicants will be written off (once) against the councils provision for bad debt.

8.2.2 Indigent households with a property value less than **R100, 000-00** will receive will receive the following per month as qualified above:

- Free electricity of **50 kWh** per month;
- Free water of **6kl** per month;
- **100%** of the basic levy for water for one service point per month;
- **100%** of the basic levy for sewerage for one service point per month;
- **100%** of the basic levy for refuse for one service point per month;
- **100%** subsidy of the monthly assessment rates up to a valuation of R100 000 ; **which include the amount in section 17(i)(h) of the Municipal Property rates Act ( act 6 of 2004)**
- **100%** subsidy of the installation of a Prepaid meter where necessary;
- Outstanding debt of successful applicants will be written off (once) against the council's provision for bad debt.

8.2.3 Poor households will receive the following per month as qualified above:

- Free electricity of **20** kWh per month;
- Free water of **6kl** per month;
- **50%** of the basic levy for water for one service point per month;
- **50%** of the basic levy for sewerage for one service point per month;
- **50%** of the basic levy for refuse for one service point per month;
- **The first R50, 000-00 of a property value will be exempted from property tax ; which include the amount in section 17(1)(h) of the Municipal Property Rates act (act 6 of 2004)**
- **50%** subsidy of the installation of a Prepaid meter where necessary;
- Outstanding debt of successful applicants will be written off (once) against the council's provision for bad debt.

8.2.4 Pensioners will receive the following per month as qualified above:

- **65%** Subsidy on the assessment rates when the household income is **R4,000.00** and below;
- **55%** Subsidy on the assessment rates when the household income is between **R4,001.00** and **R5,000.00**;
- **45%** Subsidy on the assessment rates when the household income is between **R5,001.00** and **R6,000.00**.

## **9 Targeting of indigent households**

Based on the socio-economic information contained in the municipality's IDP and other planning instruments, appropriate methods for the targeting of indigent households must be developed by the municipality as part of its Indigent Policy

## **10 Involvement of communities and Traditional Leaders**

The policy contemplated in section 3(1) must provide for a communication strategy in terms of which communities, traditional leaders, where applicable, government departments and Eskom will be involved on a continuous basis with regard to the objectives of the policy and the implementation thereof.

## **11 Application for a Subsidy**

The account holder must apply in person at a customer care office of the municipality on the prescribed application form.

The following items must accompany the application

- Copy of ID (of all residents residing on the property older than 18 years)
- Copy of Municipal Account
- Proof of Income ( of all residents residing on the property older than 18 years)

## **12 Processing of applications**

The Chief Financial Officer must ensure that applications for indigent support are registered and processed on a continuous basis on the Indigent Management System according to the procedures contained in the manual contemplated in Section 5(2)(c).

## **13 Verification of applications**

13.1 The municipality may, when deemed necessary, conduct audits to verify applications for information furnished or possible changes in the status of applicants.

13.2 Such audits must be conducted according to the procedures contained in the Procedures Manual.

## **14 Termination of indigent support**

14.1 Any customer who provides false information on the application form and/or any other documentation and information in connection with the application or made any illegal connection regarding the services provided by the municipality –

- a) Shall automatically without notice be de-registered as an indigent customer from the date on which the municipality or its authorised agent became aware that such information is false; and
- b) Shall be held liable for the payment of all services received in addition to any other legal actions the municipality or its authorised agent may take against such customer
- c) Shall never in future be allowed to register as an indigent customer whatever the circumstances he/she may have to endure in future

14.2 An indigent customer must immediately request de-registration by the municipality or its authorised agent if his/her circumstances have changed to the extent that he/she no longer meets the qualifications to register as an indigent.

14.3.1 An indigent customer shall automatically be de-registered if an application is not renewed or if such application is not approved.

14.4 An indigent customer may at any time request de-registration.

14.5 If the water or electricity consumption exceeds the average as state above (8.1), the customer will receive a written notice to rectify the average consumption within 3 months. If the customer fails to respond to rectify the average consumption the indigent subsidy will be stopped. (Excluding proved water leaks)

## **15 Exit from indigence**

The Indigent Support Policy of the municipality must provide for measures to assist indigent households to exit from the support program and to participate in local economic development initiatives.

## **CHAPTER 4: GENERAL PROVISIONS**

### **16 Misconduct by officials**

16.1 Any official of the municipality commits an act of misconduct if he/she deliberately or negligently-

- a) contravenes a provision of this policy;
- b) fails to comply with a duty imposed by a provision of this policy;
- c) makes or permits, or instructs another official of the municipality to make an unauthorised, irregular or fruitless and wasteful expenditure; or
- d) provides incorrect or misleading information in any document or report relating to any activity in terms of this policy.

16.2 The municipality must -

- a) investigate allegations of misconduct or suspected misconduct against an official of the municipality unless such allegations or suspicion are speculative or unfounded; and
- b) if the investigation warrants such a step, institute disciplinary proceedings against the official in accordance with systems and procedures referred to in Section 67 of the Municipal Systems Act, read with Schedule 2 of that Act.

### **17 Offences and penalties**

Any person who –

- a) knowingly provides false or misleading information in an application for indigent support; or
- b) fails to notify the municipality of change in status to the extent that the income threshold determined annually is exceeded; or
- c) interferes with or obstructs an official of the municipality in the execution of his/her duties performed in terms of this policy; or
- d) interferes with any measuring- or restrictive device provided by the municipality in terms of the Indigent Support Policy;

Commits an offence and upon conviction shall be liable to –

- i. a fine or imprisonment, or either such fine or imprisonment or both such fine and such imprisonment;
- ii. in the case of a continuing offence –
  - an additional fine or an additional period of imprisonment; or

- such additional imprisonment without the option of a fine; or
  - both such additional fine and imprisonment
- for each day on which such offence is continued
- iii. a further amount equal to any costs and expenses found by the court to have been incurred by the municipality as result of such contravention or failure.

## 18 Appeals

A person whose rights are affected by a decision of the municipality may appeal against that decision by giving written notice of the appeal and the reasons therefore in terms of Section 62 of the Municipal Systems Act, Act 32 of 2000 to the Municipal Manager within 21 days of the date of the notification of the decision.

## 19 Authentication and service of notices

- 19.1 Any notice or other document that is served on a person is regarded as duly served -
- a) when it has been delivered to that person personally;
  - b) when it has been left at that person's place of residence or business in the Republic with a person over the age of 16 years;
  - c) when it has been posted by registered or certified mail to that person's last known residential or address in the Republic and an acknowledgement of the posting thereof, from the postal service, is obtained;
  - d) if that person's address in the Republic is unknown, when it has been served on that person's agent or representative in the Republic in the manner provided by paragraphs (a), (b) and (c);
  - e) if that person's address, agent or representative in the Republic is unknown, when it has been posted in a conspicuous place on the land or business premises to which it relates;
  - f) in the event of a body corporate, when it has been delivered at the registered office of the business premises of such body corporate; or
- 19.2 Service of a copy is deemed to be service of the original
- 19.3 When any notice or other document is served on the owner, occupier, holder of any property or holder of any right in any property, it is sufficient if that person is described in the notice, or other document, as the owner, occupier, holder of the property or holder of the right in question, and it is not necessary to name that person.

## 20 Short title and commencement

This policy is known as the ***Policy relating to the Administration and Management of Indigent Support***